

**KEPPEL OPP'N EXH. 81**

**EIG INVESTMENT COMMITTEE AGENDA****September 2, 2014****ATTENDEES****INVESTMENT COMMITTEE MEMBERS**

R. Blair Thomas, Co-Chair  
 Kurt Talbot, Co-Chair  
 Bill Sonneborn  
 Randy Wade  
 Jean-Daniel Borgeaud

**STANDING INVITEES**

Linda Cook  
 Ronnie Hawkins  
 Wallace Henderson  
 Derek Lemke-von Ammon  
 Curt Taylor  
 Bob Vitale  
 Richard Panches, Rotating

**INVESTMENT TEAM**

Andrew Ellenbogen  
 Magela Bernardes  
 Simon Hayden  
 Walid Mouawad  
 Marcel Abe  
 Brian Boland  
 Dan Plate  
 Aneil Kochar

**AGENDA**

ITEM	TOPICS	PRESENTERS
1.	<b>Investment Recommendations</b> Redacted – ICSI	
2.	<b>Posting Memos</b> Redacted – ICSI	Curt Taylor Jean-Daniel Borgeaud Andrew Ellenbogen
3.	<b>Ongoing Transactions / Portfolio Transactions</b> Redacted – ICSI c) Sete Capital Call (attached memo) Redacted – ICSI	Wallace Henderson Richard Panches Ronnie Hawkins Brian Boland
4.	<b>Advanced Pipeline Opportunities</b> Redacted – ICSI	
5.	<b>Notable Market Developments</b> Redacted – ICSI	

**Exhibit**

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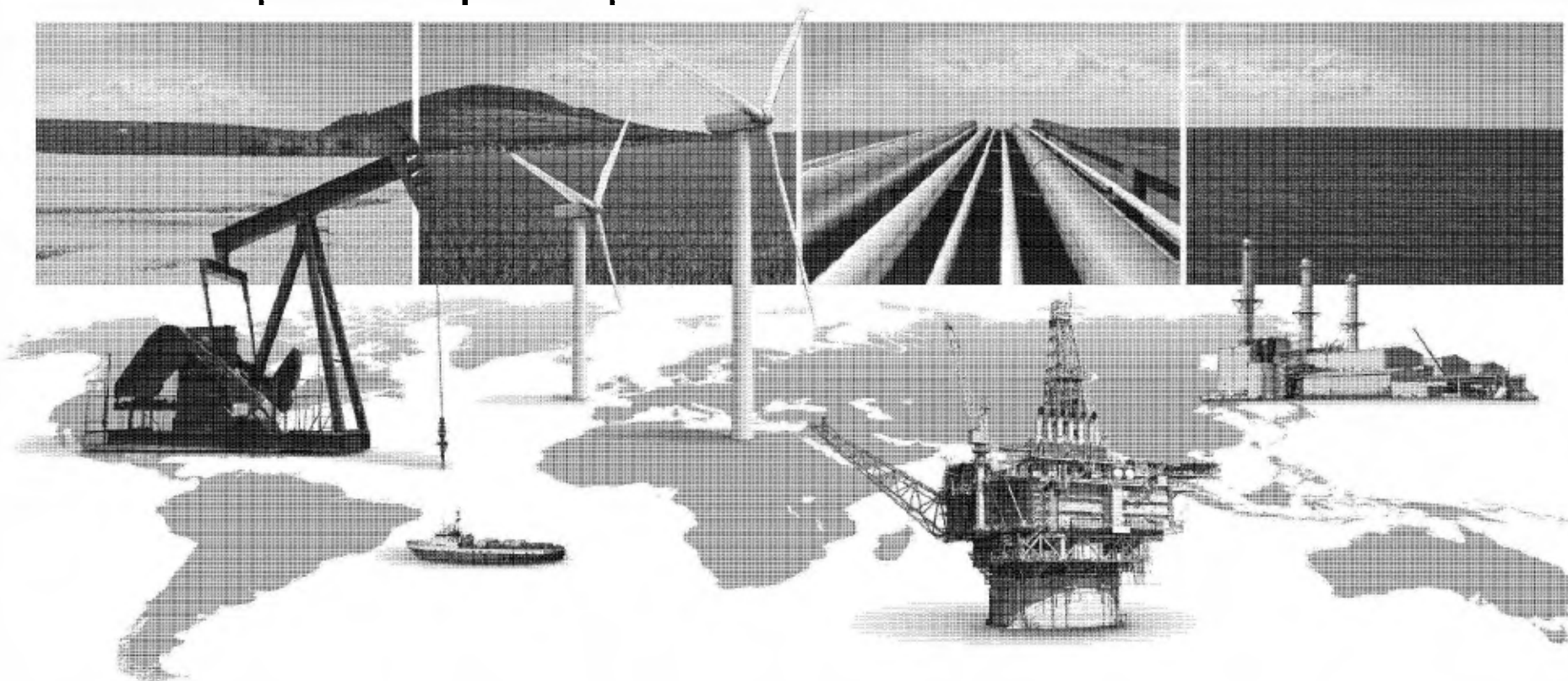
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# Sete Brasil

## Investment Committee Support Materials

### Sete Brasil Capital Call Request - September 2014



September 2, 2014

# Sete Brasil Capital Call

## Recent Developments

### Human Resources

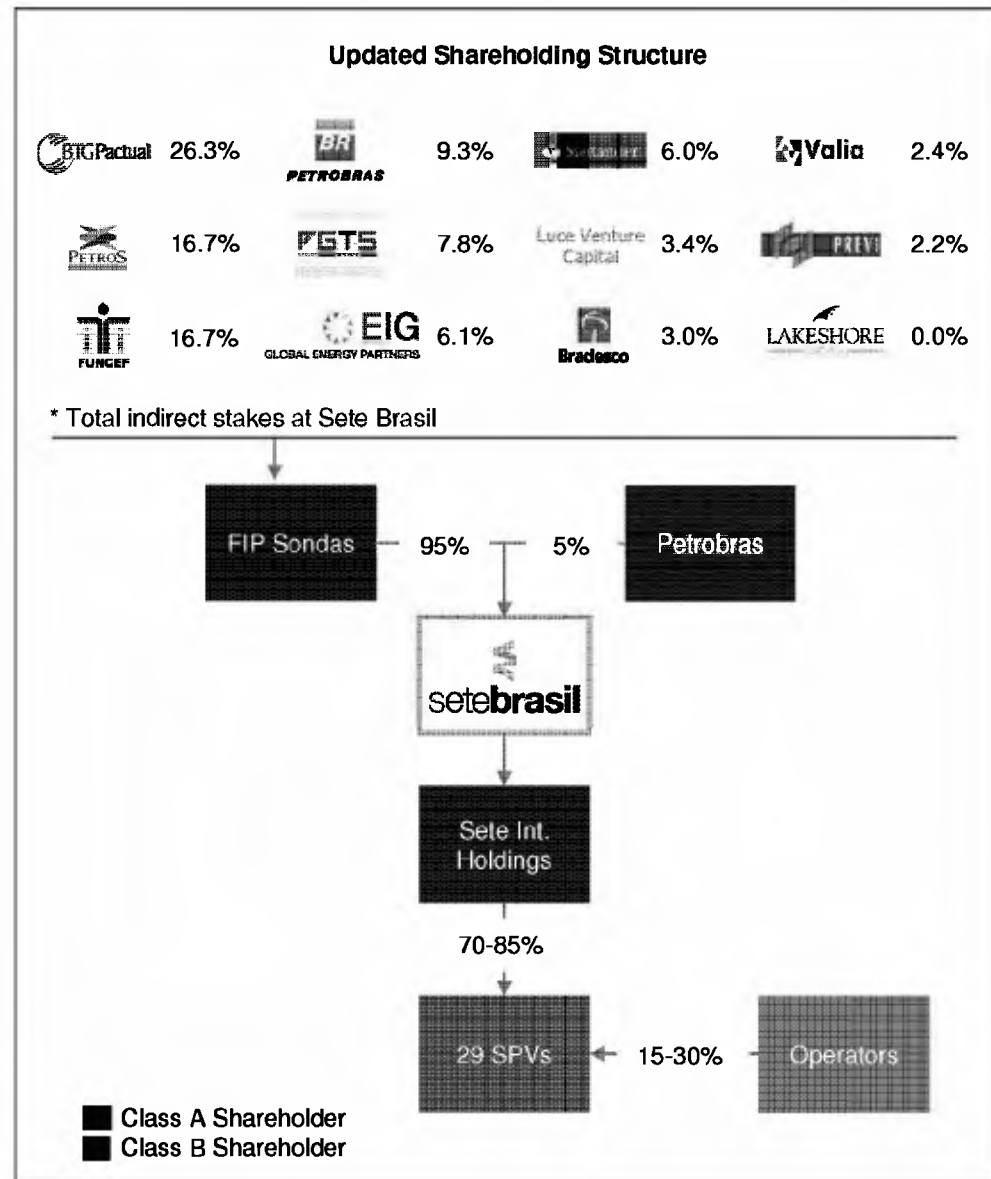
- New hires: CEO, Director of Operations and Director of Engineering

### Construction Status

- Overall construction progress at 18.5% as of Jun'14 (vs. expected 20.8%)
- Out of the 9 drillships from Batch 1, 4 are considerably behind schedule
- Buffer between EPC delivery and COD for charter contracts might not be sufficient to accommodate expected delays

### Cash flow & Long term financing

- BNDES and Finisa LT financing for "batch 1" expected to be disbursed on Nov'14 (previously September'14)
- \$760 expected funding gap in September/October'14
- Early capital calls to cover short term deficit
- Company searching for alternative funding sources (≈\$450MM)





# Sete Brasil Capital Call

## Executive Summary

**Company might be facing liquidity constraints over the next few months (Sep through Oct'14) until Long Term financing for “batch 1” is disbursed**

- LT Financing BNDES/Finisa (Caixa): Initial disbursement of R\$3.6 billion estimated for November'14 (Approvals in September)
- Total funding gap: \$760 million
  - September: \$500 million / October: \$260 million

### Main reasons:

- Delay in obtaining LT financing from BNDES / FINISA for “batch 1”: Disbursement was expected for September
- Delay in obtaining alternative funding:
  - \$400 – 500 million in bridges with Standard bank & CS

**Sete will be requesting early capital calls from Shareholders to cover part of the funding gap**

- Total requested value: R\$3,267 million (≈ \$1,433 million)
- Uses for requested capital:
  - Prepayment of Bridge 3: approx. R\$2,500 million, unlocking R\$3,267 million of committed capital provided as guarantees
  - Balance of R\$767 million used to cover capex + expenses in September

**Sete would still require the alternative funding to have enough capital to cover capex until BNDES/FINISA long term financing is disbursed**

Sources		Uses	
	US\$ MM		US\$ MM
Capital Call	1,433	Funding gap	760
Alt. Funding (CS and Standard) <sup>1</sup>	450	Prepayment of Bridge 3	1,096
		Others	26
<b>TOTAL</b>	<b>1,883</b>		<b>1,883</b>

Note (1): Consider mid-point of the range of the potential funding from each bank (CS and Standard)  
 (2): FX rate BRL / USD: 2.28 (as of Aug 22, 2014)



# Sete Brasil Capital Call

## Capital Call Request

### Company's Request

**Company is asking for approval on the next Sete Brasil Board meeting (Sep 11) of:**

- Capital call of R\$3,267 million ( $\approx$  US\$1.43 billion), reaching 100% of the original committed capital of R\$8.3 billion
- EIG's share (6.05%): R\$198 million ( $\approx$  US\$88 million)
- Due date: September 18, 2014
- Waiver for the required period to call capital
- Approval required: 75% majority

### EIG Process

**Funds XIV and XV might need to call capital from investors**

- 10 business days required to call capital from investors
- 2 business days for Luxco funding steps
- Total period required: 12 business days
- Other options (to be confirmed) could shorter the required period

Note: FX rate BRL / USD: 2.28 (as of Aug 22, 2014)

# Sete Brasil Capital Call

## Short Term Cash Flow (Does not consider September '14 capital call)

FLUXO DE CAIXA	Jul-14	ago-14	set-14	out-14	nov-14	dez-14	jan-15	fev-15	mar-15	abr-15	maio-15	jun-15	7º SEM 2015
Valores em milhões de US\$													
<b>Usos</b>	-157,9	-394,5	-627,9	-266,1	-2.023,6	-1.090,4	-478,7	-328,0	-394,7	-428,9	-386,7	-2.495,5	-2.600,5
Sondas	-133,0	-213,6	-549,7	-243,4	-383,5	-415,2	-463,1	-318,9	-374,9	-422,8	-376,2	-317,0	-2.461,2
G&A	-23,4	-7,7	-5,9	-5,9	-5,9	-5,9	-5,8	-5,8	-5,8	-5,8	-5,8	-5,8	-34,7
Juros e Fee	-1,2	-2,1	-22,1	-7,8	-121,5	-169,2	0,0	0,0	-13,6	0,0	0,0	-265,9	-3,2
Amortização de Curto Prazo	0,0	-171,1	-17,0	-8,8	-1.562,6	-500,0	0,0	0,0	0,0	0,0	-4,6	-1.906,7	-65,9
Amortização (NP/SPBridge)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
FGCN	-0,4	0,0	-33,2	-0,1	0,0	0,0	-7,8	-3,3	-0,3	-0,3	-0,2	-0,1	-35,5
<b>Fontes</b>	4,4	340,7	513,9	267,9	3.804,3	1.469,0	75,8	71,3	53,2	26,3	404,1	3.288,8	2.007,9
Dívida	0,0	0,0	0,0	0,0	3.728,9	1.444,6	53,5	63,3	36,2	16,8	243,0	3.243,2	1.856,1
Bridges	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Finisa	0,0	0,0	0,0	0,0	1.250,0	465,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
BNDES	0,0	0,0	0,0	0,0	2.347,9	0,0	0,0	24,1	0,0	0,0	220,1	2.251,4	1.180,7
ECAs	0,0	0,0	0,0	0,0	127,0	214,0	15,3	11,3	11,0	7,0	5,9	2,0	324,6
Commercial Banks	0,0	0,0	0,0	0,0	0,0	68,9	3,1	2,3	2,1	0,3	9,5	2,0	126,8
FMM	0,0	0,0	0,0	0,0	0,0	700,7	35,1	25,5	23,1	8,9	7,5	38,4	222,1
NP/SPBridge	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Lucro/EIG	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity	4,4	340,7	513,9	267,9	79,4	24,4	22,3	0,0	0,0	0,0	161,1	0,0	1,7
Dívida Subordinada FI-FGTS	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
DCA BNDESPar	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Sete Brasil	0,0	0,0	0,0	0,0	0,0	0,0	15,2	0,0	10,0	0,0	139,2	0,0	46,0
Classe B	0,0	0,0	0,0	0,0	0,0	0,0	7,2	8,1	6,4	9,5	21,9	45,7	103,8
Retenção de IC (BNDES Base Equity)	0,0	0,0	0,0	0,0	-649,1	61,9	0,0	30,1	0,0	0,0	65,5	0,0	144,1
Outros <sup>(1)</sup>	2,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Saldo Inicial</b>	332,5	181,5	127,7	13,7	15,5	1.147,2	1.587,7	1.184,9	938,4	596,9	194,3	277,1	1.070,5
<b>Entradas</b>	4,4	340,7	513,9	267,9	3.804,3	1.469,0	75,8	71,3	53,2	26,3	404,1	3.288,8	2.007,9
<b>Saídas</b>	-157,9	-394,5	-627,9	-266,1	-2.023,6	-1.090,4	-478,7	-328,0	-394,7	-428,9	-386,7	-2.495,5	-2.600,5
<b>Saldo Final</b>	381,5	127,7	13,7	15,5	1.347,2	1.587,7	1.184,9	938,4	596,9	194,3	277,1	1.070,5	423,9

Source: Company



# Sete Brasil Capital Call

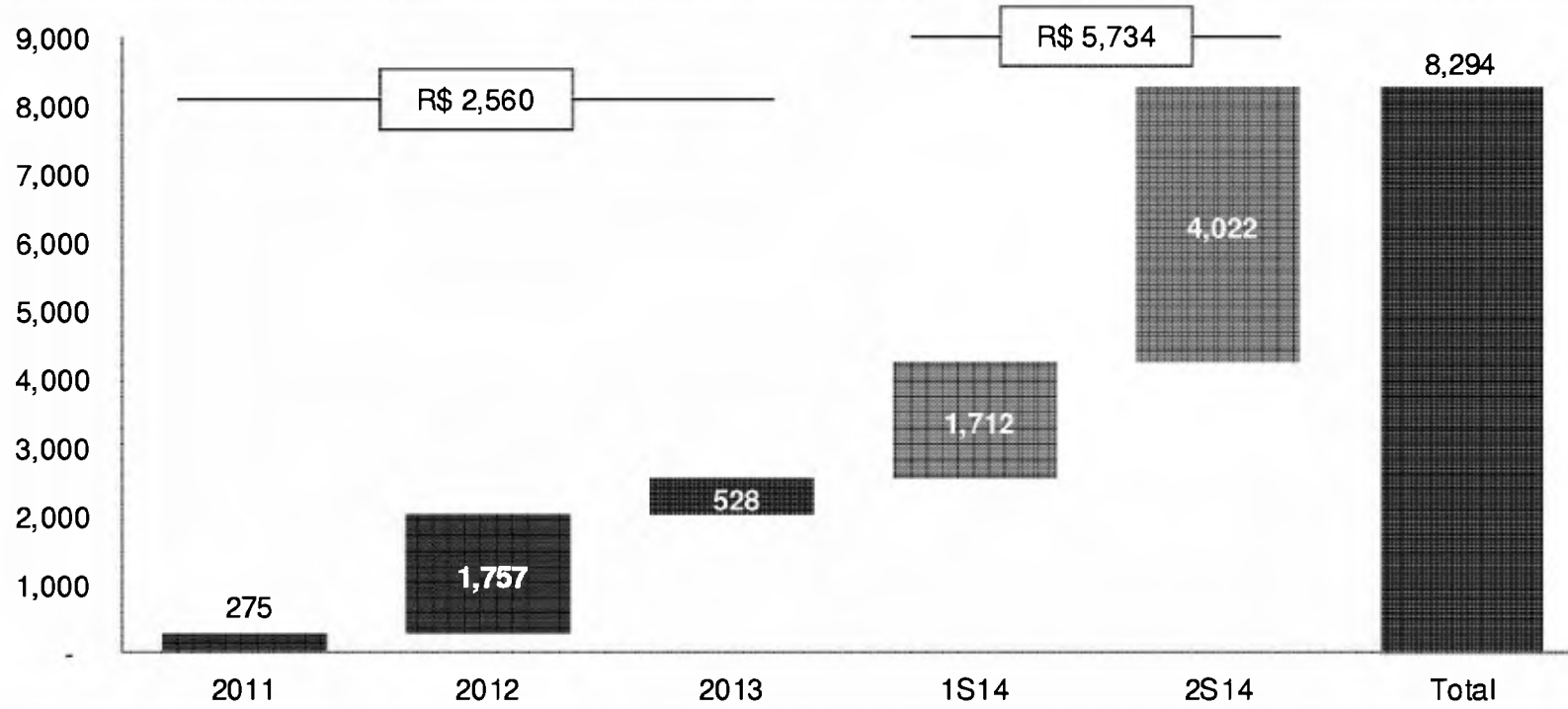
## Equity Update

2014 capital  
calls

Total:  
R\$5,734MM  
EIG's share:  
(R\$347 MM)

- April'14: R\$508.4 MM (EIG's proportional obligation = R\$30.75 MM)
- May'14: R\$800.0 MM (EIG's proportional obligation = R\$48.38 MM)
- June'14: R\$403.1 MM (EIG's proportional obligation = R\$24.37 MM)
- August'14: R\$755.0 MM (EIG's proportional obligation = R\$ 45.7 MM, as of Aug, 28)
- Company intends to call R\$3,267 MM in Sep'14 (EIG proportional obligation = R\$197.6 MM)

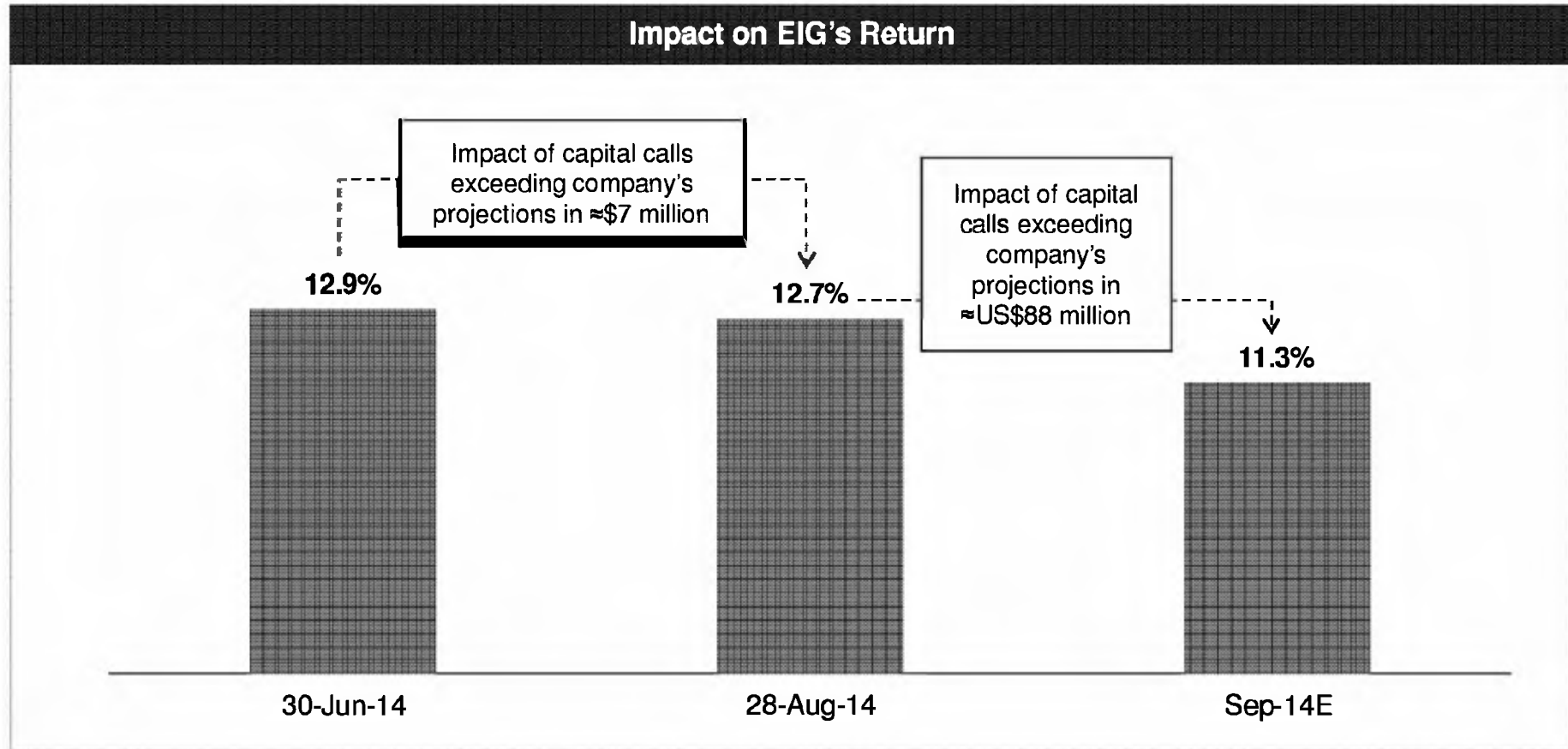
**Evolution of Capital Calls (R\$ MM)**



# Sete Brasil Capital Call

## Financial Analysis: Impact on EIG's Return

- September'14 capital call is expected to reduce EIG's IRR in  $\approx 140$  bps



Note: Assumes standalone impact of Sep'14 capital call.



## **Appendix - Construction Status (Jun'14)**

# Sete Brasil Capital

## Appendix - Construction Status (Jun'14)

### 1<sup>st</sup> Batch Construction Progress (As of Jun'14)

- Out of the 9 drillships from Batch 1, 4 are considerably behind schedule
- Buffer between EPC delivery and COD for charter contracts might not be sufficient to accommodate expected delays

	Urca (Keppel)		Arpeador (Jurong)		Guarapari (Jurong)		Copacabana (EAS)		Frade (Keppel)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Physical Completion (%)	73.6%	72.5%	68.7%	72.2%	39.1%	43.3%	56.3%	33.3%	28.7%	34.7%
Financial Completion (%)	72.0%	72.0%	78.3%	70.1%	69.8%	55.4%	86.9%	49.1%	46.0%	46.0%
	Handover	Charter	Handover	Charter	Handover	Charter	Handover	Charter	Handover	Charter
	dec-15	jul-16	jun-15	jun-15	jul-16	jul-16	feb-16	mar-16	dec-16	may-17

	Ondina (EEP)		Cassino (ERG)		Grumari (EAS)		Camburi (Jurong)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Physical Completion (%)	62.7%	37.4%	36.7%	22.3%	48.2%	24.7%	16.8%	14.1%
Financial Completion (%)	77.4%	55.3%	60.1%	38.3%	74.1%	40.7%	29.3%	25.4%
	Handover	Charter	Handover	Charter	Handover	Charter	Handover	Charter
	jul-16	aug-16	mai-16	ago-16	jul-16	nov-16	dec-16	may-17



GLOBAL ENERGY PARTNERS

## POSTING MEMORANDUM

**Office:** DC  
**Date:** September 2, 2014  
**Subject:** Kelson Energy Restructuring Update  
**Version:** v1

## Situation Overview

Funds and accounts managed by EIG hold 37.5% of a syndicated term loan ("Mezzanine Loan") issued by Kelson Energy, Inc. ("Kelson" or the "Company"). The 7.5-year Mezzanine Loan, which was purchased by EIG at issuance in March 2007, matures on September 8, 2014. EIG, together with funds managed by Monarch Alternative Capital LP ("Monarch") and Trilogy Capital Partners, Inc. ("Trilogy"), collectively hold 94.5% of the Mezzanine Loan and have been in active negotiations with Kelson management and funds managed by Harbinger Capital Partners ("Harbinger" or the "Sponsor") regarding a consensual restructuring process since April 2014. In May 2014, EIG, Monarch and Trilogy formed an Ad Hoc Creditor's Committee (the "Committee") to facilitate a restructuring dialogue between the creditor group and as a means of allocating restructuring expenses. On July 14, 2014, Kelson management and Harbinger agreed in principle to the Committee's proposed restructuring plan (as outlined below), after which the Committee instructed counsel to begin commence the drafting of restructuring documentation. The Company has agreed to reimburse the Committee for all out-of-pocket restructuring expenses.

**EIG Investment Overview (As of June 30, 2014)**

<b>Funds:</b>	<ul style="list-style-type: none"> <li>\$60 million investment in \$160 million Mezzanine Loan Issuance (37.5%)</li> <li>Fund XIV – \$45 million (75.0%); Cogen – \$15 million (25.0%)</li> </ul>
<b>Amount Outstanding:</b>	<ul style="list-style-type: none"> <li><u>Principal</u> – \$109,473,551 (Fund XIV: \$82.1 million; Cogen: \$27.4 million)</li> <li><u>Warrants</u> – 1.50% of Kelson equity (cumulative, but out-of-the-money)</li> </ul>
<b>EIG Basis:</b>	<ul style="list-style-type: none"> <li><u>Principal Repayments</u> – \$39,447,192 (Fund XIV: \$29.6 million; Cogen: \$9.9 million)</li> <li><u>Current Cash Basis</u> – \$20,552,808 (Fund XIV: \$15.4 million; Cogen: \$5.1 million)</li> </ul>
<b>Maturity:</b>	<ul style="list-style-type: none"> <li>September 8, 2014</li> </ul>
<b>Interest Rate:</b>	<ul style="list-style-type: none"> <li>13.459% (no minimum cash interest)</li> </ul>
<b>EIG Returns:</b>	<ul style="list-style-type: none"> <li><u>Current IRR / ROI</u> – -6.8% / 0.7x</li> <li><u>Projected IRR / ROI</u> – 9.4% / 2.1x (exit in December 2016)</li> </ul>

**Capitalization Table**

(\$000s)	Initial Transaction	(Change)	Actual Jun-2014	Interest Rate	Maturity	\$ / kW
1st-Lien Term Loan B	\$990,000	(\$990,000)	\$0			
2nd-Lien Term Loan	470,000	(470,000)	0			
Mezzanine Debt	160,000	131,929	291,929	13.459%	Sep-2014	848
Book Equity <sup>(1)</sup>	278,000	(433,263)	(155,263)			
<b>Total Book Capitalization</b>	<b>\$1,898,000</b>		<b>\$136,666</b>			
Unrestricted Cash	\$105,000	(88,039)	\$16,961			
Net Capacity (MW)	4,002	(3,658)	344			

(1) Initial Transaction value represents cash equity

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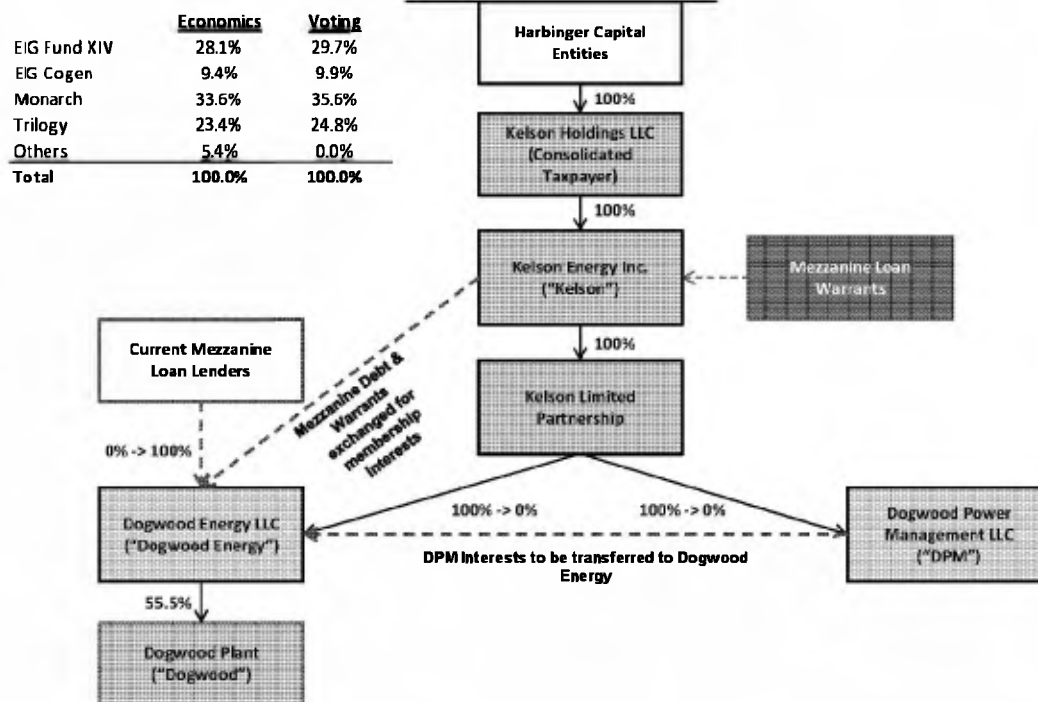




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## Restructuring Update

### Current Restructuring Proposal – Simplified Organizational Structure



### Current Restructuring Proposal – Steps

1. Lenders agree to exchange their interests in the Mezzanine Loan and Warrants in return for 100% of the membership interest in Dogwood Energy, LLC ("Dogwood Energy"). Dogwood Energy owns the remaining 55.5% stake (344.1 MW) of the 620 MW Dogwood Plant ("Dogwood") in Pleasant Hill, Missouri following a series of fractional sales to local utilities over the last couple of years
2. Kelson contributes its cash balance and 100% of the membership interests in Dogwood Power Management LLC ("DPM") to Dogwood Energy. DPM is the asset manager of Dogwood on behalf of all of its owners
3. Dogwood Energy converts from a disregarded entity to a partnership. EIG will blocker Fund XIV-B and Fund XIV (Cayman) and Cogen interests
4. Simultaneous with the debt for equity swap, Harbinger will initiate the liquidation of the Kelson and its subsidiaries
5. Master Restructuring Agreement expected to be effective, subject to CPs, by September 15, 2014. The Company will therefore require short-term extension of maturity to bridge to execution of MRA
6. Final closing not expected until late October or early November 2014 due to the FERC 203 approval process

### Considerations

- **Governance** – Governance and voting power vested in the Members, rather than a Board of Managers. All strategic decisions subject to Member vote, with the approval threshold set at a level that confers on EIG alone negative veto power, and affirmative control collectively with Monarch, with respect to all matters subject to a Member vote (at current ownership levels)



- Tax – No associated tax drag from Lender’s perspective associated with restructuring. Dogwood Energy tax basis steps up to fair market value as determined by the expected future fractional sale price, value of DPM and cash balance, resulting in no expected gains on future sales
- Transfers – No restrictions on transfers or pre-emption rights
- Liquidity – Available cash balance is expected to provide corporate-level liquidity through Q4 2015, but will likely need a modest cash infusion earlier. It is likely that the new capital will come in the form of senior debt that primes any shareholders that don’t participate. EIG understands that Monarch and Trilogy are prepared to defend
- Exit – Kelson is currently marketing its remaining stake in Dogwood at \$642/kW, or c. \$221 million, in line with the terms of the most recent capacity sale of Dogwood capacity in December 2012. Kelson is currently in sale negotiations with 6 load serving entities with identified capacity needs totaling 660 MW beginning from 2016 – 2019. Unlikely to be able to exit on attractive terms via a sale of equity interests in Dogwood Energy; sale of underlying interests in Dogwood by Dogwood Energy more likely exit path for attractive terms.
- EIG Fund Considerations –
  - Fund XIV – Fund life expires in October 2016, excluding extensions
  - Cogen – Managing Cogen’s interests improves EIG’s overall governance position